employees who leave State employment are retained for a full three months at their current compensation and benefits levels.

- Reexamine the requirement that retiring State employees may not return to work within six months of retirement. The current legislation guarantees that valuable institutional knowledge will be lost. This can be coordinated with the next recommendation.

- Use a phased retirement process over a period of time to encourage transfer of institutional knowledge from exiting employees to others. This means that an employee (for example) would reduce their workload to 50% and be eligible for 50% of their pension during this transition period. Other organizations have a sliding time period for up to 3 years. This practice is used in higher education. There are no current regulations from the IRS that prohibit adopting or encouraging this practice.

- Allow the use of recruitment bonuses, moving allowances, retention bonuses, and other incentives that have been proven to be successful in other public agencies and in the private sector.

Turnover

Findings

As previously discussed under Recruiting, a 9.18% voluntary employee turnover has been experienced over the last three years for State employees covered by the State Personnel Act which compares to a private sector annual turnover rate of approximately 23%. The changing demographics of the workforce and the upcoming retirement of the "baby boomers" predicts a significant challenge going forward to compete for a more limited number of prospective workers to replace those exiting the system.

Recommendations

- We recommend that departments and agencies be given the latitude to use budgeted resources in a more flexible manner as outlined previously. This will allow compensation levels to be adjusted for incumbent employees as necessary and appropriate, (and with appropriate reviews by agency HR, or OSP review in some cases) within available resources. This should also reduce the turnover of personnel. This should not result in any increase in cost to